

## TITLE 22. EMPLOYMENT TRAINING PANEL

### NOTICE OF PROPOSED RULEMAKING

NOTICE IS HEREBY GIVEN that the Employment Training Panel (Panel) proposes a clarifying amendment Section 4427 in Title 22 of the California Code of Regulations. The Initial Statement of Reasons and Express Text of the proposed action are accessible through the *Pending Regulatory Actions* link on the Home Page of the ETP website ([www.etp.ca.gov](http://www.etp.ca.gov)).

### AUTHORITY AND REFERENCE

The Panel's rulemaking authority is set forth at Section 10205(m) of the Unemployment Insurance (UI) Code.

### INFORMATIVE DIGEST

#### Amend Section 4427, Temporary Agency

Section 4427 restricts new-hire placements (retention) with a temporary or leasing agency (Agency) to 10% of the total trainee population and an extended retention period of 180 days. The regulation does not account for retraining and retention by a single employer or multiple employer ETP contractor when trainees are permanently hired by that contractor from an Agency, known as a "temporary to permanent" hiring model.

The proposed amendment clarifies Section 4427 in two ways. First, it references Unemployment Insurance (UI) Code Section 606.5 which requires, among other criteria, that an Agency must control employee working conditions. Referencing Section 606.5 will clarify the distinction between Agency and third-party service providers such as a payroll company or a Professional Employer Organization (PEO). Second, the proposed amendment permits retraining and retention by a single employer or multiple employer ETP contractor under the "temporary to permanent" hiring model, case-by-case. The Panel will also revise the regulation name for clarity, as a non-substantive change.

### FISCAL DISCLOSURES

The Panel has made the following initial determinations regarding fiscal disclosures required by Section 11346.2 of the Government Code.

A. Fiscal Impact. The Panel has made an initial determination that the proposed actions do not impose costs or savings requiring reimbursement under Section 17500 *et seq.* of the Government Code. Furthermore, these actions do not impose non-discretionary costs or savings to any local agency; nor do they impact federal funding for the State.

The Panel has made an initial determination that the proposed actions do not impose costs or savings to any State agency pursuant to Section 11346.1(b) or 11346.5(a)(6) of the Government Code. Furthermore, there are no fiscal impact disclosures required by State Administrative Manual sections 6600-6670.

B. Cost Impacts. The Panel is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action. The same determination applies to housing costs. These actions simply clarify the Panel's definition of Job Creation and thus, there would be no costs associated with these actions.

C. Adverse Impact on Business. The Panel has made an initial determination that the proposed actions do not have any significant, statewide adverse economic impact directly affecting business, including the ability to compete.

D. Effect on Small Business. The Panel has determined that the proposed actions will not affect small businesses unless they seek training funds. Since this action would clarify and simplify the Panel's standards for reviewing and funding training proposals, this would be a positive effect.

E. Effect on Jobs and Business Expansion. The Panel has made an initial determination that the proposed actions would not create or eliminate jobs in California. Nor would they create new businesses or eliminate existing businesses in California. The Panel has made an initial determination that these actions would not directly affect the expansion of businesses currently operating in California.

F. Imposed Mandate. The Panel has made an initial determination that the proposed actions do not impose a mandate on local agencies or school districts.

## REASONABLE ALTERNATIVES

The Panel has made an initial determination that there are no reasonable alternatives to the proposed actions that would be more effective in carrying out their purpose, or that would be as effective and less burdensome to affected private parties. Interested persons are welcome to identify reasonable alternatives during the written comment period.

## WRITTEN COMMENT PERIOD

A 45-day written comment period has been established beginning on June 1, 2007 and ending at 5:00 p.m. on July 16, 2007. Any interested person, or his or

her authorized representative, may present written comments on the proposed actions within that time period. Comments should be sent to:

Maureen Reilly  
Employment Training Panel, Legal Unit  
1100 "J" Street, Fourth Floor  
Sacramento, CA 95814  
Telephone: (916) 327-5252  
E-Mail: [mreilly@etp.ca.gov](mailto:mreilly@etp.ca.gov)  
FAX: (916) 327-5268

### PUBLIC HEARING

A public hearing will not be held unless one is requested by an interested person, or his or her authorized representative. The request must be submitted in writing to the address shown above no later than 5:00 p.m. on the fifteenth day before the written comment period ends. The request should identify the specific regulatory action for which the hearing is requested.

### MODIFICATIONS

Modifications to the text of the proposed regulatory actions may be made after the public comment period. If so, they will be posted on the ETP Website at [www.etp.ca.gov](http://www.etp.ca.gov). They will also be available upon request to the address shown above. Said modifications will be open to public comment for at least 15 days before their adoption, as noticed on the ETP Website.

### AVAILABILITY OF DOCUMENTS

The Panel has prepared an Initial Statement of Reasons for the proposed actions, and has compiled all information on which the actions were based. This statement, along with the express text of the proposed actions and the written information on which they were based, are available for inspection at the address shown above.

The Panel will prepare a Final Statement of Reasons at the conclusion of the public comment period. This final statement and the information on which it is based will also be available for inspection at the address shown above. This Notice of Proposed Rulemaking is posted on the ETP Website at [www.etp.ca.gov](http://www.etp.ca.gov). The Initial Statement of Reasons and the express text of the proposed actions are also posted on the ETP Website.

## CONTACT PERSONS

Requests for copies of the express text of the proposed actions and the modified text (if any), and the Initial Statement of Reasons, should be directed to the address shown above. In addition, the “rulemaking file” of written information on which the proposed actions are based is available for inspection upon request.

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